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No. 07-801

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IN THE

Supreme Court of the United States

BILLY D. DOBBS JR.,

Petitioner,

v.

RICHARD MEHRLICH,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

I. Whether Petitioner has presented any compelling reason to grant the Petition, where the Second Circuit's opinion affirming the District Court's affirmance of the Bankruptcy Court's grant of summary judgment does not conflict with a decision of this Court or a Court of Appeals and where Petitioner does not claim the Second Circuit's ruling implicates an important federal question that has not been settled.

II. Whether Petitioner has presented any compelling reason to grant the petition, where the Second Circuit's opinion articulated principles of collateral estoppel consistent with this Court's prior rulings and Petitioner is complaining merely that those principles were not properly applied.

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INTRODUCTION

Petitioner, Dobbs, has presented no "compelling reason" for his Petition For A Writ of Certiorari ("Petition"), which is the standard for granting the Petition. *See* Sup. Ct. R. 10. In his Petition, Petitioner posits that there is a conflict between the Second Circuit's ruling and this Court's decision in *Brown v. Felsen*, 442 U.S 127 (1979); that there is a conflict with the other courts of appeal in the Fifth and Eighth Circuits on the same matter; and there is a conflict between the Second Circuit Opinion and other Second Circuit precedent. None of this is true. The Second Circuit and the two lower courts merely applied traditional principles of collateral estoppel in a routine fashion. Petitioner does not contend that these courts articulated standards inconsistent with any other courts; rather Petitioner's argument is that all three Courts misapplied these settled principles when dealing with the particular facts here. Dobbs in incorrect, but even if he is the Petition should be denied. As expressly noted in Sup. Ct. R. 10 the misapplication of law to facts rarely provides grounds the Court's review. There is no reason to depart from the usual rule here.

STATEMENT OF CASE

In 1997, Mehrlich invested $2 million in Formula Fund L.L.C. (the "Fund") — a hedge fund managed by Billy D. Dobbs ("Dobbs or Petitioner"). Shortly before the Fund's demise, its accountants compelled it to revise Dobbs' formerly favorable written and oral financial reports and optimistic claims, thus, for the first time, disclosing that Mehrlich's investment had been essentially wiped out.

On February 8, 2002, Mehrlich initiated an arbitration. By a variety of dilatory tactics, Dobbs was able to drag out proceedings in it for almost three years. At the end of that time, however, a highly experienced arbitrator (Robert Davidson, then a partner in Baker & Mackenzie, now the New York Executive Director of the Arbitration Practice of JAMS, Inc.) handed down a carefully considered Decision and Award dated November 17, 2004 holding Dobbs guilty of various kinds of fraudulent conduct.

The Decision refers to Dobbs' filing of a bankruptcy petition "on the eve of the scheduled hearings on the merits." However, prior to those hearings extensive evidentiary hearings had already been conducted. What probably sparked the bankruptcy filing was the reopening of evidentiary hearings to accommodate the proffered newly available testimony of a witness, John Reeder. That testimony, when ultimately presented after the bankruptcy stay was lifted, eliminated any conceivable doubts that might have previously existed about Dobbs' guilt of a clear, willful and continuing course of grossly fraudulent misconduct.[1]

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[1] In a sworn declaration dated August 12, 2004 (Appendix A, annexed hereto) subsequently confirmed in testimony before the arbitrator, Reeder, a former close friend who had gone to work for Dobbs' fund, detailed how and when he had become aware of Dobbs' course of deliberately fraudulent and deceptive misconduct towards Mehrlich and other investors and how he (Reeder) had confronted Dobbs and then parted company with him when Dobbs had ignored Reeder's urging that he "come clean."

This extensive record before the arbitrator based on the following clear and incontrovertible facts[2]; made it clear that Dobbs' conduct was grossly fraudulent no matter what legal standard it was measured by:

In February 1998, after Mehrlich had become an investor in Dobbs' hedge fund, Dobbs invested a portion of the Fund in a start-up company named Amercon International Incorporated ("Amercon"). Dobbs then became Chairman of Amercon's Board of Directors. At the end of 1998, the Fund held 1,611.22 shares of Amercon carried at a cost of $450.00 per share. This totaled $725,050.00, a sum that represented about 18% of the Fund's total portfolio at year end 1998.

The Amercon securities were carried on the Fund's books at the cost price of $450.00 per share until the end of 1998 or the beginning of 1999, when Dobbs decided to revalue them at $2,950 a share. The Fund had suffered serious losses from some of Dobbs' miscalculations and Dobbs' arbitrary upward valuation of Amercon to $2,950 per share was undoubtedly an attempt to camouflage the losses that would have otherwise come to light in 1998. Dobbs' bad faith upward valuation of Amercon shares increased the value of the Amercon holdings on the books of the Fund from $725,050.00 (at $450.00 per share) to $4,753,109.49 (at $2,950 per share). It also made the

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[2] Dobbs' argument on this Petition that Mehrlich was a standard type of "sore loser" investor is also put to rest by extensive testimony during the hearings that Mehrlich had other comparable hedge fund losses but that he never for a minute thought of suing on them. He sued Dobbs only because of the series of deceptive frauds Dobbs personally perpetrated on Mehrlich.

Fund's Amercon stock holding equal to more than 50% of the Fund's assets as of the end of 1998.

Through 1998, Dobbs sent Mehrlich quarterly statements purporting to reflect the Fund's investment performance. The quarterly report dated January 15, 1999 stated that the Fund's annual performance for 1998 was down 0.96% versus a total return of 28.55% for the S&P 500, *i.e.*, a basic return an unskilled neophyte investor might have attained. On November 12, 1998, Mehrlich, through his advisor Davenport, sent a withdrawal notice to Dobbs requesting that he liquidate Mehrlich's interest in the Fund for cash delivery by January 1, 1999. Dobbs did not honor the redemption request. Instead, on January 19, 1999, Dobbs telephoned Mehrlich and asked Mehrlich to postpone his redemption pending a meeting with Dobbs. Dobbs then met with Mehrlich in California in early February 1999 and attempted to dissuade Mehrlich from redeeming his investment in the Fund. While he discussed the Fund's holdings and performance in that meeting, Dobbs never once mentioned Amercon even though, based on the 1998 year-end value he had ascribed to that stock, Amercon represented well over half of the Fund's assets. Nor did he ever mention his own extraordinary valuation of those shares. Relying on what he had heard from Dobbs at the meeting, Mehrlich did not press his request.

Mehrlich's decision to rely on Dobbs' fraudulently rosy forecasts cost him dearly. The $2,950 per Amercon share valuation that Dobbs originally made in late 1998 or early 1999 was maintained throughout 1999 and 2000. At least six investors in the Fund redeemed their capital in 1999. Because of the high valuation of the Amercon

stock, three of the six investors who redeemed in the course of 1999 received amounts greater than their opening capital. The other three were able to redeem at least 90% of their opening 1999 capital. When Mehrlich later was able to redeem his investment – when the Fund was all but liquidated – he received only $260,631 i.e. 13% of his original investment.

On February 8, 2002, Mehrlich commenced an arbitration proceeding against Dobbs. Despite elaborate dilatory efforts by Dobbs, including an initial long-time default in answering and motions seeking to derail the arbitration prior to its commencement, extensive proceedings on the merits were conducted over the next two years. At first concluded, they were re-opened to accommodate the newly available testimony of John Reeder and another witness. On the eve of the hearing on the about to be resumed hearing on the merits – on December 1, 2003 – Dobbs filed a petition pursuant to Chapter 7 of the Bankruptcy Code. After Mehrlich commenced an action pursuant to 11 U.S.C. § 523(a)(4) seeking a determination that Dobbs' debt to Mehrlich was not dischargeable, the Bankruptcy Court entered an order, modifying the automatic stay so the arbitration proceedings could be completed. On November 17, 2004, after hearing John Reeder and another witness detailing more fraudulent conduct by Dobbs, the Arbitrator, rendered an Award of Arbitrator, awarding the separate sums of $688,125 plus $63,237.50 against Dobbs in favor of Mehrlich.

Accompanying the award, was the Decision of Arbitrator, in which the Arbitrator made findings of fact and concluded that Dobbs had committed common law

fraud against Mehrlich. Mehrlich then moved for summary judgment in the Bankruptcy Court proceeding seeking to have his debt excepted from Dobbs' bankruptcy discharge. On July 5, 2005, the Bankruptcy Court read a decision into the record granting Mehrlich's motion. In his decision, Bankruptcy Judge Drain gave collateral estoppel effect to the fact findings of the Arbitrator – which were in any event not contested – and concluded that the facts warranted excepting the debt to Mehrlich from the bankruptcy discharge. Judge Drain found that the bankruptcy discharge exception applied either under the "actual fraud" or "false pretenses" standard. The District Court affirmed. The Second Circuit Court of Appeals also affirmed in an opinion (the "Second Circuit Opinion") concluding that the case represented nothing more that an unremarkable application of traditional principles of collateral estoppel.

REASONS FOR DENYING THE PETITION

I. Collateral Estoppel Was Properly Applied To An Arbitration Award Made After Extensive Hearings

The Petition should be denied because this case involves nothing more than an unremarkable application of well worn and long standing principles of collateral estoppel to an arbitration award issued by a respected arbitrator after extensive hearings. No matter which way Petitioner tries to dress it up, the error he assigns to the three courts which ruled in favor of Respondent is that they incorrectly applied well-settled law to the facts of this particular case. Petitioner's argument rests on an obvious distortion of both the decision of the

arbitrator and the holdings of all three courts which rejected Petitioner's defenses.

Petitioner, at page 6 of the Petition, has focused on the following sentence taken from the arbitrator's decision:

> "However, at the meeting in early February 1999, Dobbs had a duty to disclose truthfully . . . Dobbs not only had a fiduciary duty to disclose by reason of his status as the person who controlled the Fund' [sic] Manager, but once he voluntarily undertook to explain the 1998 year-end results to Mehrlich, he assumed a duty to speak truthfully and completely."

Petitioner claimed that while the arbitrator correctly articulated the elements necessary to find fraud, this passage reveals that he erroneously created a new duty of disclosure which was not based on any precedent. Dobbs asserted this passage shows that the arbitrator found a new duty to disclose imposed on a "fiduciary". He argued that since the definitions of a fiduciary under state law differ from those found under cases decided under 11 U.S.C. § 523(a)(4) and it's predecessor statutes, collateral estoppel cannot apply. This is the nub of the argument. The courts below properly rejected Dobbs' reasoning because it is premised on a distortion of the arbitrator's use of the English language and because, by applying collateral estoppel to the arbitrator's factual findings only, the argument that he created a new legal standard became irrelevant.

Dobbs claims that "the only way the Arbitrator was able to reach his decision was by combining a breach of fiduciary standard with some elements of fraud." Dobbs is clearly wrong. The distortion of the arbitrator's ruling is revealed from his use of the words "not only". The phrase "not only" signifies more than one. The arbitrator found two independent sources for a duty to disclose. The arbitrator believed one unfulfilled duty to disclose arose from Dobbs' fiduciary status; but he clearly stated that Dobbs also had a duty to disclose, independent of his fiduciary status, "once he voluntarily undertook to explain the 1998 year-end results to Mehrlich".

Whether or not he had a fiduciary status or any fiduciary duties, at the time he spoke to Mehrlich, Dobbs, as the individual who managed the Fund, clearly was knowledgeable as to its performance, prospects and assets. By virtue of Dobbs' position – whether or not he was a fiduciary – Mehrlich had a right to rely on his statements. The arbitrator held that Dobbs, having undertaken to explain the Fund's performance in order to persuade Mehrlich not to withdraw his investment, had an obligation to disclose fully – and he did not. For Dobbs to say that the arbitrator "combined" a breach of fiduciary duty standard with elements of fraud is just wrong and does not comport with the written words of the arbitrator.

Contrary to the argument contained in page 7 of the Petition, neither the Bankruptcy Court nor the District Court agreed with Dobbs' distorted analysis of the arbitrator's words. The Bankruptcy Court specifically stated that the arbitrator himself acknowledged the

reference to a fiduciary duty was "superfluous", (Appendix C to Petition p. 14a,) and the District Court specifically acknowledged the Bankruptcy Court's reference to fiduciary duties as being irrelevant to his decision. (*Id.*, Appendix B to Petition, p. 8a.) Neither the District Court nor the Bankruptcy Court believed the arbitrator's findings rested on Dobbs' status as a fiduciary. Once we remove the reference to a fiduciary from the analysis, there is nothing left to Petitioner's argument on the merits and certainly nothing that would provide a "compelling reason" for this Court to grant the Petition of a writ of certiorari.

The arbitrator's award was made after extensive hearings which were never challenged by the Petitioner. Collateral estoppel was properly applied to avoid the useless repetition of a long and arduous proceeding.

II. None Of The Decisions Of The Three Courts Is In Conflict With This Court's Decision In *Brown v. Felsen*

Petitioner has argued that the Second Circuit's opinion should be reviewed because it is in conflict with the decision of this Court in *Brown v Felsen*, 442 U.S. 127 (1979). Petitioner misunderstands the following sentence in *Brown* which is quoted at page 9 of the Petition.

> "If, in the course of adjudicating a state-law question, a state court should determine *factual issues using standards identical to those of § 17*, then collateral estoppel, in the absence of countervailing statutory policy,

> would bar relitigation of those issues in the bankruptcy court. *Id.*, at 139, note. 10." (footnote omitted)

Petitioner contends that the above passage shows "... *Brown* is precedent that "factual" collateral estoppel may only be utilized by the bankruptcy court in connection with § 523(a)(2)(A) when there is an identity of standards".

The *Brown* court stated that the issue before it was "whether a bankruptcy court may consider evidence extrinsic to the judgment and record of a prior state suit when determining whether a debt previously reduced to a judgment is dischargeable under § 17 of the Bankruptcy Act, 11 U.S.C. § 35". In *Brown*, a creditor obtained a state court judgment upon a stipulation with the debtor after the creditor initiated a lawsuit claiming fraud. Later the debtor attempted to discharge the debt in bankruptcy. When the creditor sought a declaration that the debt was non-dischargeable, the guarantor argued the creditor was estopped by his failure to introduce evidence as to fraud in the state court proceeding. The *Brown* court disagreed, saying that since the bankruptcy case had not yet been commenced, the creditor did not have sufficient incentive to press its fraud claim. Petitioner criticized the Second Circuit Opinion for referring to the quoted statement as *dicta* and not essential to the decision of the *Brown* court, but the Second Circuit's analysis was correct.

Whether or not the statement was *dicta*, Petitioner misconstrues the quoted sentence as requiring that the legal issues decided in the two proceedings must be

identical in order for factual collateral estoppel to apply. The word "standards" in the sentence quoted in *Brown* refers to the standards of proof – not the legal standards, *i.e.*, the elements of the causes of action. This Court addressed that particular subject in *Grogan v Garner*, 498 U.S. 279 (1991). There this Court held that the standard of proof for a finding of non-dischargeability under 11 U.S.C. § 523 is "a preponderance of the evidence" rather than "clear and convincing evidence". The debtor in that case had argued that factual determinations in the state court could not collaterally estop him in the bankruptcy court because the standard – the standard of proof that the *Brown* court was referencing in the quoted sentence – used by the fact finder in the state court was different than that necessary for the bankruptcy finding of non-dischargeability. The Court could not have meant that the legal elements of the causes of action being disputed in the two proceedings needed to be identical in order for factual collateral estoppel to apply. Were that true, estoppel of the identical legal issues would then apply forever obviating the use of factual collateral estoppel.

Dobbs also erroneously criticized the Second Circuit Opinion for citing a venerable decision of Judge Leonard Hand, *Evergreen v Nunan*, 141 F.2d 927 (2d Cir. 1944), arguing that *Brown* overruled the holding of that decision. *Evergreen* held that collateral estoppel has application to factual issues even where the legal issues decided in the prior proceeding are different. The Second Circuit was making the point that even if the arbitrator, in reaching his conclusion that Dobbs had defrauded Mehrlich, had used a new legal standard different than that required by 11 U.S.C. § 523(a)(4), the arbitrator's

factual findings nevertheless provided a basis for collaterally estopping Dobbs as to the facts found. Dobbs' argument was thereby refuted in either one of two ways. Either (i) the reference to a fiduciary by the arbitrator was superfluous and the legal standard he used was the same as required for finding non-dischargeability of the debt under 11 U.S.C. § 523(a)(4), or (ii) the facts found by the arbitrator, which Dobbs was estopped from disputing, were sufficient for the three courts to reach the conclusion under 11 U.S.C. § 523(a)(4) that Dobbs' debt to Mehrlich was non-dischargeable.

Petitioner's mischaracterization of the use of the word "standards" has confused the issue. *Brown* does not conflict with the Second Circuit Opinion.

III. Petitioner's Claim That A Conflict Between Circuits On The Subject Matter Of This Case Requires This Court's Intervention Is Unsubstantiated

Petitioner's assertion that the Second Circuit Opinion conflicts with the opinions of the Eighth Circuit in *Owens v Miller*, 276 F.3d 424 (8th Cir. 2002) and the Fifth Circuit Court of Appeals in *Miller v. J.D. Adams, Inc.* 156 F.3d 598, 602 (5th Cir. 1998), *cert denied*, 526 U.S. 1016 (1999), is premised on Petitioner's mischaracterization of the decisions of the three courts below. As noted in section I above, these courts applied factual collateral estoppel and did not adopt the legal conclusion of the arbitrator. Secondly, even if they had, two of the three courts (the Second Circuit did not address the issue) disagreed with Petitioner's

understanding of the award as being dependent upon a finding that Dobbs was a fiduciary.

The Eighth Circuit's opinion deals with completely different issues than those raised in this case. There the bankruptcy court had concluded that the Securities Exchange Act created a type of agency relationship between an individual broker and principals of his brokerage firm such that the fraud of the broker was attributable to the principals. The bankruptcy court then found the debt created by this attributed fraud to be non-dischargeable under the fraud exception found in 11 U.S.C. § 523(a)(4). The Court of Appeals reversed the district court's affirmation of the bankruptcy court decision.

Dobbs suggests that the refusal to extend 11 U.S.C. § 523(a)(4) to encompass securities fraud is analogous to Mehrlich's attempt to extend the statute to cover the arbitrator's "new" cause of action. The *Owens* decision is simply not analogous. The Eighth Circuit correctly identified the securities law claim as being a legal claim of fraud which had never previously been recognized as being encompassed by the fraud provision of 11 U.S.C. § 523(a)(4). The securities claim was based on a negligent failure to control the fraudulent conduct of an employee where the debtor had no prior knowledge of the fraud. Those facts are in stark contrast to the facts here. The arbitrator found that Dobbs committed garden-variety common law fraud which probably could have been criminally prosecuted. This kind of fraud is routinely seen as falling within 11 U.S.C. § 523(a)(4).

The Fifth Circuit decision, *Miller v. J.D. Adams, Inc.* 156 F.3d 598, 602 (5th Cir. 1998), *cert denied*, 526 U.S. 1016 (1999), cited by Petitioner as being in conflict with the Second Circuit Opinion, turned on the question of whether a jury had made implicit findings necessary to collaterally estop a debtor defending a non-dischargeability proceeding. In that case, judgment was entered in state court against a debtor in a suit by a former employer. The jury found that the debtor misappropriated proprietary information or made an improper use of the trade secrets but also found the debtor had not acted with "malice meaning ill will, spite, evil motive, or flagrant disregard for the rights of others." Appellant sought to discharge the judgment in bankruptcy proceedings but the bankruptcy court held that the judgment was not a dischargeable debt under 11 U.S.C. § 523(a)(4). The district court affirmed, but the Fifth Circuit reversed. The Fifth Circuit held that the jury's finding that appellant acted wrongfully in misappropriating or misusing the proprietary information did not include a finding of fraudulent intent, an element necessary under the bankruptcy statute.

The Fifth Circuit case, which turned on the absence of sufficient factual findings to estop the debtor from defending a non-dischargeability action, is merely an illustration of classic principles of collateral estoppel. The decision does not conflict with the Second Circuit Opinion here.

IV. Petitioner's Claim That Review By This Court Is Warranted Because The Second Circuit Opinion Conflicts With Other Second Circuit Decisions Is Preposterous

Petitioner's claim that the Second Circuit Opinion conflicts with *Ball v. A-O-Smith Corp.*, 451 F.3d 66 (2d Cir. 2006), a decision cited approvingly in the Second Circuit Opinion, is preposterous. (Petitioner unsuccessfully sought *en banc* review of the Second Circuit Opinion and Hon. Reena Raggi was a member of the panel in both cases where unanimous decisions were rendered.) In *Ball*, a Louisiana District Judge awarded sanctions against a lawyer, who attempted to discharge that obligation in bankruptcy. In non-dischargeability proceedings commenced under 11 U.S.C. § 523 both the debtor and creditor argued the sanctions award collaterally estopped the other from succeeding. Both lower courts and the Second Circuit Court of Appeals concluded that standards for awarding sanctions in the Fifth Circuit necessarily encompassed findings of malicious and willful injury which are a prerequisite to non-dischargeability under 11 U.S.C. § 523(a)(6). Petitioner asserts this case supports his contention that in order for factual collateral estoppel to apply, both proceedings must have identical standards. Here, in this context, Petitioner uses the phrase "identical standards" to mean that the issues decided (factual or otherwise) have to be the same. This just states a basic prerequisite to the application of collateral estoppel. In order for preclusion to apply there has to be an identity of issues. That is what governed the *Ball* decision: 11 U.S.C. § 523(a)(6) requires a finding of willful and malicious intent and the court was determining whether that issue

had already been decided implicitly in the Louisiana court's award of sanctions.

The case here is completely different. There is no controversy here as to whether the factual issues necessary for non-dischargeability were found by the arbitrator; all of the facts found by the bankruptcy court here were expressly found by the arbitrator. The bankruptcy court here used case law precedent and the arbitrator's explicit findings to conclude that Dobbs had committed fraud recognized as non-dischargeable under 11 U.S.C. § 523(a)(4) and its predecessors.

Neither the *Ball* decision nor any other Second Circuit law is in conflict with the Second Circuit Opinion in any way.

CONCLUSION

Petitioner has not established any compelling reason for this Court to grant the Petition. Therefore, Respondent respectfully requests that the Petition be denied.

Respectfully submitted,

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APPENDIX

APPENDIX A — SWORN DECLARATION OF JOHN REEDER DATED AUGUST 12, 2004

AMERICAN ARBITRATION ASSOCIATION
NEW YORK REGIONAL OFFICE

Case No. 13168004162

RICHARD W. MEHRLICH,

Claimant,

-against-

BILL D. DOBBS, JR. and
FORMULA FUND MANAGEMENT, LLC,

Respondents.

DECLARATION

JOHN REEDER, under penalties of perjury, affirms as follows:

1. I make this Declaration in response to a subpoena requiring my appearance at a hearing to state relevant facts about my knowledge of Bill D. Dobbs, Jr., ("Bill") his fund management company, "Formula Fund Management," and one of his two hedge funds, Formula Fund, LLC.

2. I understand that, if ordered by the Arbitrator, I must appear in person as a witness at the hearing, which I understand has been scheduled for August 20, 2004. In lieu of a personal appearance, I make this Declaration

with the hope that it will adequately provide information needed by both parties to sort out their differences. If my personal appearance becomes necessary for cross-examination, my brother, Joe Reeder, who is a lawyer, can advise me during the cross-examination via telephone from his office in Washington, D.C.

3. Bill and I met at Columbia Business School where we became close friends. We both graduated with MBAs in 1994. Following my graduation, I went to work for Rocker Partners, a hedge fund oriented investment management company. In 1997, after the formation of Bill's two hedge funds and management company, he asked me and another good friend of ours, Michael J. Gaston (our classmate and Bill's roommate at Columbia Business School) to serve as two of the three required directors of the newer and smaller of the two funds, Formula Offshore Investment Fund, incorporated in the Cayman Islands August 6, 1997. We both accepted this invitation.

4. Beginning 1998, I ended my employment with Rocker. While looking for new employment, Bill offered me (sometime in the fourth quarter of 1998) the use of office space at his Fund's premises. Then, sometime in that same fourth quarter, Bill and I discussed the possibility of me helping the marketing effort of his two Funds following the departure of Candice Howard, who until the third or fourth quarter of 1998, formally held the job of Marketing Director at Formula Fund Management. By December 1998, I began coming to Bill's offices on a regular basis for approximately 2 hours

a day. While I never received a salary, Bill offered to pay me a commission for any money I could raise for either fund. However, I never raised any money. For helping him with promotional material, Bill did pay me twice: $1,500 in February 1999 and $2,000 in April 1999.

5. In January 1999, at Bill's invitation, I accompanied him to California to attend meetings with several investors in Formula Fund, LLC. One particular lunch meeting was with Richard and Beverly Mehrlich, where I watched Bill persuade them to stay invested in the fund despite a negative 1998 performance. Although I didn't know it at the time, I later learned that a potentially significant factor in maintaining a comfortable level of liquidity in Bill's onshore fund was riding on his ability to persuade the Mehrlichs to rescind their request for redemption of their $2,000,000 investment.

6. My recollection is that the lunch meeting, which was also attended by the Mehrlichs' stockbroker, John Davenport, lasted nearly two hours. While I do not recall everything said and therefore cannot give a comprehensive description of all the things discussed by Bill at that particular meeting, some things do stand-out in my mind, including: Bill offered a "hurdle-rate," which essentially meant that no performance fee (20% of net capital appreciation) would be levied unless it beat 8%. As part of the discussion, Bill acknowledged that he had made a significant misjudgment as a portfolio manager in 1998 that was the cause of a double-digit loss (approximately 20%, I recall) of the Fund's value in the

fourth quarter 1998. He described persuasively how he had since devised a "portfolio allocation matrix" that would assure that such a mistake would not likely occur again. Bill explained that the matrix would flag any over-concentration or under-diversification in any sector, capitalization size, and a number of other aspects of securities. Bill's presentation echoed his Year-End 1998 Letter to Investors:

> *We have taken steps to safeguard against that kind of volatility.*
>
> *Among other things, we (i) added two strong fundamental analysts, (ii) established a matrix weighting policy for sector and capitalization, and (iii) adopted a price-delta containment policy.*

7. I recall from the lunch meeting that Beverly Mehrlich opposed continuing with the Fund, but Bill's overall presentation, including discussions about his investment style and some specific stocks, captured Richard's interest. In all of his January 1999 visits with investors on the West Coast, I observed Bill presenting himself as star security analyst, but one that needed some seasoning in portfolio management. He vowed that the reported drop in October was a onetime event. Bill did not disclose ownership of any private holding.

8. While I was doing some analytic work on the portfolios of both funds sometime in March or April 1999, Bill's administrative assistant, Janet Faleski, brought to

my attention, without Bill's knowledge, the fact that, during the fourth quarter of 1998, Bill had significantly raised (marked-up) the value of a privately held company in both funds on the heels of a significant loss of approximately 55% from a short sale of a group of stocks in the semiconductor sector. The private equity was named Amercon International Incorporated, a Delaware corporation, founded by Bill January 12, 1998. Bill served as its founding Chairman through September 1999. Bill resigned as Director sometime in 2001. Both of Bill's funds and he personally owned common stock in Amercon. My unearthing of Bill's actions raised several concerns in my mind. One, without the marking up of Amercon, Bill's performance in the fourth quarter would have to be viewed as much worse than he was telling investors (*i.e.*, down 55% rather than 20%). Two, the timing of the markup, regardless of Bill's justification, would, at best, create the perception that he was manipulating the value of both funds. Three, the over-weighting of Amercon was the result of the mark-up, and as I later learned, to some extent, also the result of some redemptions. Four, the self-imposed high weighting of Americon intensified the duty to make certain that the valuation was accurate and justified; because now, the performance of both funds relied heavily on Bill's valuation of Amercon. Five, if the valuation were in any way arbitrary, fees and redemptions would be inaccurate and overstated. For example, if any investors redeemed from an overvalued fund, the earlier redeemers would be getting a better deal than the later redeemers. Put another way, earlier redeemers would be walking away with money that belonged to investors staying in the fund.

Appendix A

9. As mentioned in 8 above, I learned about the 55% three-week loss and subsequent mark-up of Amercon without Bill telling me. I later found some documentation in the prime brokerage online records maintained by Banc of America Securities ("BOFA," fka NationsBanc Montgomery Securities, the custodian for both of Bill's funds). In Formula Fund, Bill increased the value of 1,722 shares of Amercon from an average cost of $450 a share to nearly $3000 a share in the fourth quarter of 1998. Simultaneously, in Formula Offshore, he also raised the valuations of 183 shares from $1,825 to about $3,000. The specific records where this information was stored in BOFA's client database are, "Client Position Summary by Asset Class" and "Working Appraisal by Asset Class." I strongly protested to Bill that this action was a poor decision. Bill told me that that the mark-up was proper because of an offering of Amercon common stock and reasonable expectations of its performance. I learned from Bill that he did, in fact, do an offering of 549 shares of Amercon stock in October 1998 at $1,825. One of my many objections was that the mark-up far exceeded the recent offering price, and the offering was small. So, the price paid might not accurately represent the value of Amercon. Moreover, I wondered how much subjectivity contributed to the reasonable expectations. Bill never did share with me his methodology. But he did claim that adjusting valuations of private holdings is a common practice of hedge funds.

10. I told Bill this was not the case. I explained to Bill that my experience was that when hedge funds hold illiquid securities, they do not let the portfolio weighting

become significant and, therefore, do not feel the need to even care about raising the valuation. I told him that, if maintaining a low weighting of illiquid securities is faithfully practiced, then he probably could justify not disclosing the holdings to investors because their impact would be relatively immaterial; otherwise, disclosure would be important.

11. I also insisted that, given the weight of Amercon in both portfolios, practicing a more conservative valuation was less risky, ergo more prudent for many reasons, including the five mentioned under 8, above. At this point, while I did not agree with Bill's decisions, I felt that he was trying his utmost to recover from an unfortunate systemic market event by trying to (a) instill calm and confidence among investors, (b) prevent a "run-on-the-bank," and (c) preserve pricing power of Amercon by not disclosing its holding and particulars in both funds. While some theoretical arguments can be made that secrecy of hedge fund holdings (particularly private equity) may benefit hedge fund members, the problem is that private equity must be properly valued, and there is not complete agreement on how to do that. In any event, as I argued to Bill, Amercon's unusual weight in both portfolios called for conservative valuation and complete disclosure. Proper valuation of an illiquid security, such as Amercon, would not typically be a critical matter for a fund manager if it were only a small part of the portfolio. Regardless of any latitude Bill argued that he had under any written agreement, my view, as I told him, was that members of both funds had every reason to assume that he was primarily managing long and short positions in liquid equity (tradable stock).

Appendix A

Everything Bill ever said or wrote about the funds should have made its members comfortable in assuming this. When Bill would feature a stock in a Quarterly Newsletter, as he always did, for example, one could assume that it could have a significant impact on the portfolio. But, he never mentioned Amercon, one of the top two positions. He never mentioned anything about a private equity. And, as I learned recently, by reading testimony from other lawsuits against Bill, he did not volunteer the fact that Amercon was essentially his own company. As a Managing artner for Formula Fund Management, LP, Bill might argue today that he could have bet on the Super Bowl and been within his **m andate of the fund subscription docum ents**[1] As an example of Bill liberally exercising his latitude, in September 1999, I noticed a cash loan from Formula Fund to Amercon at a favorable interest rate. While I do not recall the amount, I remember asking Bill about it — whether it was prudent for a fund to make a loan to a privately held equity in its portfolio. Having followed Amercon, I recently learned that this loan was converted to equity in 2001.

12. The hedge fund industry commonly refers to a "cowboy" as one who makes fast or large or risky bets. In terms of "large" for a hedge fund, I would consider a

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1. The Super Bowl logic quote was made by an attorney for Conrad P. Seghers, Managing Partner for Dallas based Integral Investment Management whose funds, among other things, made investments in their own software company without disclosing it to the Limited Partners. Art Institute of Chicago v. Integral Investment.

10% position a large bet. I would consider a 30% position a huge bet; risky, too. One would be well-advised to not have a 30% position with other people's money without their prior knowledge. Between Amercon and Coastcast, Bill was way beyond that, up in the 90% range. And even long after he got into that situation (two or three years later), he not only didn't tell his investors, he gave no reason to expect anything was awry.

13. Another point I made to Bill (and separately, his wife, Jennifer Anne Wallace) was that, if for nothing else, raising the valuations of his own company,[2] Amercon, on the heels of a stunning three-week loss was a bad idea because of the potential to create perception problems.

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2. Bill regarded Amercon as his own company in a perceptual sense. He had talked about the possibility and vision of someday turning it into a Berkshire Hathaway value oriented holding company for investments. Acting on information from an acquaintance at then Dillon Read, Bill founded Amercon after a failed attempt to purchase a manufacturing unit of Chromalloy, a subsidiary of Sequa Corporation. After careful due diligence, Bill recruited the key management from Chromalloy, who were eager to join Bill in a startup company. Bill raised the needed seed money and handpicked the Directors to assure that Amercon had a strong array of specific skill sets. Through 1999, from what I was able to observe, and to the ire of his only salaried employee, Don Bilson (Don), he devoted the largest portion of his time to its struggling affairs. Bill was constantly on the phone with Amercon; and, when it needed an emergency infusion of cash to survive, as it often did, Bill would make the calls. Throughout 1999 (through September 15), all Amercon conference calls with Directors were organized, scheduled, and made through Bill's office.

Both he and his wife, Jennifer, encouraged me to work harder to raise money to help ease what was a liquidity squeeze, which occurs when more liquid or marketable securities are sold to meet redemption requests. A liquidity squeeze can leave later redeemers and those who remain invested in a fund stuck with a disproportionate percentage of a fund's illiquid securities that might have to be marked down to enable an unplanned sale. In other words, early redeemers get a better deal.

14. My brother, Joe, is one of the founding directors of Amercon. In 1998, Bill had aggressively recruited Joe to serve as a Director of Amercon, telling both of us how helpful it would be to have on the Board someone with my brother's experience, knowledge, and connections to the aerospace industry. Joe had become a partner in a major national law firm in Washington DC after serving as the 14th Undersecretary of the Army and Chairman of the Panama Canal Commission's Board of Directors (1993-97). In asking him to serve as a Director of Amercon, Bill had specifically assured him that no investment in Amercon was required or contemplated from him. At some point thereafter, however, Bill began urging Joe to make such an investment. Although Joe and I were surprised by this turnabout, Joe ultimately did make investments of $500,000. Joe had relied on advice from me, and, in turn, I unfortunately relied heavily on Bill's optimistic predictions and evaluations.

15. Sometime, in the first quarter of 1999, Bill began to lean heavily on Joe to also make an investment in

Formula Fund. Joe did not initially reject the request because he at first thought it might be a good way to diversify his holdings. Even though he was an Amercon Director; my brother had no idea that Amercon and Coastcast shares constituted a substantial portion of Formula Fund — eventually some 95%. At that time, I didn't comprehend it fully myself, partly because I was unaware (a) of Amercon's high weighting in Formula Fund (some 55%), (b) of the substantial 1998 redemptions, and (c) that Coastcast had very low liquidity in the stock market. I was also unaware of the substantial loss during a three-week period in October 1998 due to Formula Fund's selling short several stocks in the semiconductor sector. The October loss was partially camouflaged by the above-mentioned subsequent markup of Amercon, which I also did not know about until later. However, I ultimately became aware of these facts — but only after my conversation with Janet Faleski in March or April 1999.

16. When I cautioned Joe (probably in the second quarter of 1999) that Formula Fund was highly concentrated with Amercon common stock, he was furious because Bill was doing something that we both considered to be an oblique attempt to double-expose Joe to Amercon. At this point, nearly all its Directors and management considered Amercon to be high-risk and under deep distress.

17. After repeatedly being urged by Bill to invest more in Amercon and Formula Fund, Joe phoned me in September 1999 to accompany him to the home of

Amercon in Harrisburg, Pennsylvania, for meetings with its Directors and management to see if we could understand its apparent cash-flow problems. Joe and I visited twice: the weekends of September 4th and 11th 1999. Bill did not attend either meeting.

18. Although my final face-off and separation from Bill did not take place until September 15, 1999, I had a number of unpleasant discussions with both him and his wife, Jennifer, throughout 1999 when I tried to persuade them to "let some air out of the tires" (i.e., slowly and systematically lower the value of Amercon) and to be transparent with investors about Amercon.

19. I told Bill on several occasions that he could be more transparent by disclosing to investors what was happening to Amercon and by either (a) divesting his personal holdings in Amercon or (b) drawing up a plan to liquidate the Funds or (c) preferably both. While Bill vigorously defended his decision to significantly mark-up the value of Amercon in 1998, my initial criticism was that any coincidence in timing — and, I had great doubts about Bill's assertion that there was a coincidence — allowed the possibility for investors to *perceive* that valuations were being manipulated. Bill and I clashed over that and other potential perception problems, including one that could arise from the fact that he personally owned an interest in Amercon. There were other potential problems. One was that the Funds would need to stand-up well in an independent audit — which, I believed it could not.

20. My face-to-face discussions with Jennifer on these issues had come about because the remodeling of the offices of her employer, Oak Hill Partners, Inc., permitted her to sublet a spare office from Formula Fund Management to use for her office from mid to late 1999. While there, she assisted Bill with the operation of his Funds on a part-time basis, helping turnout promotional materials, including authoring and editing letters to investors.

21. By the time Jennifer had moved into Bill's offices, the situation at Amercon had clearly become critical. On a number of occasions, I tried to engage them — together and separately — in discussions of remedial steps that I thought were essential. Among the things that I and others pressed Bill to do were to make full disclosure to the Funds' investors (which I argued he had moral obligation to do) of their extensive holdings in Amercon and of Amercon's increasingly precarious situation; and to lower the value of Amercon shares to a more realistic level. I specifically referred to the write-down proposal as "letting the air out of tires." I also recommended that he eliminate the possibility for any perception of a conflict involved in his personal ownership of Amercon shares either by divestiture of his personal Amercon holdings or, alternatively, by working out an equitable plan of dissolution for the Funds. I recall specifically telling Bill that if he did not take such steps he might be tempted to escape from the situation by an action I described as a "Hail Mary Pass," a high-risk, high-return maneuver. In a discussion on September 15, 1999, I recall Bill pointing out that if

Coastcast hit a certain price, the Fund would show a substantial profit for the year. I remember thinking that Bill's fixation on Coastcast as a salvation was precisely what I had meant by "Hail Mary Pass." I also recall pointing out the inherent conflict between his personal stake in Amercon and the stakes owned by both funds. I warned him that that he might be tempted to try to preserve his personal stake in Amercon at the Funds' expense. He argued that the self-interest from his personal stake in Amercon was in the best interest of both funds. He also reminded me that his personal He lectured me that his personal stake in Amercon was considerably smaller than those owned by either fund. I never agreed with either argument. I told him that, even if one were to accept it as valid, the situation could trigger a perception by investors that Bill was using one of the least regulated vehicles in finance, the hedge fund, for personal gain in Amercon. I told Bill, in that September 15th meeting (1999), that if there was a possibility that both funds could fail, for whatever reason, and, if Amercon were to survive to the personal benefit of Bill, that would be a spectacular illustration of why it's critical to carefully avoid even the appearance of such a conflict of interest. Regarding Bill's other argument (that his relative smaller personal interest negated any appearance of conflict), I told him that his small interest makes the scenario all the more egregious. In other words, if two funds (that were highly composed of Amercon) failed while even a mere survival of Amercon benefited a small personal interest owned by Bill, investors may see an outrageous example of a "tail-wagging-two-dogs-to-death," Bill's interest in Amercon being the tail, the funds being the two dogs.

22. My discussions about these subjects with Jennifer were strained and brief. Broaching the subject was awkward, I believe, because we, after all, were friends; and Jennifer was pregnant with their first child, a beautiful daughter born October 10, 1999. Starting in late spring or early summer 1999, she, along with Bill, emphatically blamed Amercon's problems on the fact that Amercon executives misled both of them about their level of competence. They both felt that they had been "had," by inept management. By now, I was witnessing logic-whiplash between two extremes. On one hand, Bill vigorously defended the mark-up of Amercon in both portfolios; while, simultaneously on the other hand, both Bill and Jennifer were conspicuously furious about a complete breakdown in financial control at Amercon. I thought it was particularly unfair to claim ignorance and to blame Amercon management when Bill was both its Founder and Chairman and both he and Jennifer held MBAs in finance from Columbia.

23. Bill had relied on the Amercon management which he had selected to run the company when in fact it was lacking the management skills apropos for a manufacturing startup. Bill once expressed surprise and disappointment to me and others, in assigning blame, when he discovered that Amercon management did not even realize that they had been producing and selling products at a loss. I later learned that Amercon management was equally disappointed with Bill. Management initially harbored a very high degree of confidence in and reliance on Bill. Few people were closer to the business activities of Amercon than Bill. He was

its founder, Chairman, and fundraiser. From time to time, he accepted advice from Jenny, who, like Bill, holds an MBA from Columbia and had been a star management consultant at McKinsey. Jenny helped analyze the accounting problems in an attempt to understand the cash flow problems at Amercon; and presumably, this advice was passed on to management by Bill.

24. In a brief discussion in September 1999, Jennifer told me that my inaction in marketing (raising money by getting new investors) was part of the cause for liquidity problems of both funds. She specifically said, "If you were doing your job of raising money, Bill would not have a liquidity or imbalanced asset allocation problem." It was then that I fully realized that my concerns and objections were being ignored. I had refused to raise any money unless either (a) the funds were properly balanced and accurately valued or, at a minimum, (b) Bill made a complete disclosure to existing and potential investors.

25. At the request of my brother, Joe, from September 1999 to present, I have advised him with his Directorship at Amercon. This practice began after I resigned as a Director of Formula Offshore and after I severed my personal and professional relationship with Bill.

26. During mid to late 1999, I noticed that serious problems had begun to manifest themselves at Amercon, including strained relations (sharp exchanges) between Bill and other Amercon investor-directors. I was present

at an emergency Amercon Board Meeting that produced an email by Jon Vannini dated September 16, 1999, addressed to my brother (a copy of which, marked as Claimant's Exhibit 27, has again been shown to me). Bill was, of course invited to this meeting. He had been advised that new steps to try to save Amercon would be taken. Bill, instead, chose not to attend the meeting and instead, announced that he was staying in New York to play golf, which annoyed management and his fellow directors.

27. Shortly thereafter (still in 1999), Bill was removed as Chairman of Amercon and a new one was elected. I am not sure of the specific reason(s) for his removal, but my impression was that, among other things, Amercon management and board members recognized potential conflicts of interest between his funds and his role as Chairman. I also sensed that management and most of the board members by then intensely disliked him. When I accompanied Joe to meet with management on September 4, 1999, I heard a couple of executives refer to him as the "screamer" because of his approach to problem-solving, namely loudly berating management while laying blame for the failures at Amercon on their incompetence. Bill knew two of the Directors — Philip F. Friedrich and Paul, his brother — long before forming Amercon. Bill had once been engaged to marry Phil's daughter and remained friendly with Phil and Paul even after it had been called off. Phil participated in the September 1999 meetings via telephone. Phil was highly involved in helping save Amercon. At one of the September meetings, I

remember hearing my brother, Joe, bitterly complain to Phil about Bill having the nerve to ask him to invest Formula Fund, given the dire situation at Amercon and high weighting of it in the Fund. While Joe was saying this, he apparently did not realize that he had touched a nerve — both Phil and Paul were investors not only in Amercon, but also in Formula Fund. Phil angrily said, "Bill has screwed my brother and me. I am not a wealthy guy. It took me a lifetime to save what I have; and I've just lost a big percent of it." It is my understanding, however, that Bill subsequently made peace with Phil and Paul by redeeming their investments in Formula Fund.

28. At a September 1999 meeting, Jon Vannini was elected Chairman of Amercon, replacing Bill. Jon Vannini served as Chairman until sometime in 2000. Amercon's current CEO, Alfred P. Matarese, has been its Chairman since November 9, 2000. Jon was an original investor in and Director of Amercon and, incidentally, he was also an original investor in Formula Fund. However, the initial key steps that were ultimately taken to salvage Amercon in 1999, including the decision to bring in a new chief executive and do a thorough housecleaning, were put into motion by my brother, Joe.

29. Bill's personal ownership of Amercon common stock is subject to filing for Bankruptcy, Chapter 7, December 1, 2003.[3] But Bill still participates in Amercon

3. Billy D. Dobbs, Jr., NY Bankruptcy Court, Southern Dist. Case No. 03-17622, filed December 1, 2003. Schatten's adversary filing against Dobbs' Bankruptcy — Case No. 04-2781.

Board meetings as representative for Formula Fund, LLC, which currently owns an equity interest of 11.4%. Formula Offshore Investment Fund owns an equity interest of 1.4% of Amercon, but is now in the throes of a voluntary windup. Until Bill filed for protection under bankruptcy, he personally also owned an equity interest in Amercon.

30. For Formula Offshore Investment Fund, the only meetings Michael Gaston and I ever held as Directors were telephone conversations complaining, among other things, that Bill had not advised us of any goings-on, other than to provide copies of the Quarterly and Annual Letters. In addition to me voicing the aforementioned criticisms to Bill, Michael once scolded Bill (sometime in 1998) over not being advised of anything at Formula Offshore and that he felt he was being taken advantage of as a friend. He threatened to resign as Director if Bill did not schedule official Board Meetings and provide him with concise, detailed presentations that were apropos for Directors. Michael and I submitted our resignations as Directors in writing to Formula Offshore and Citco Fund Services, he in August 1999 and I on September 14, 1999. CFS Company, Ltd., an affiliate service company of Citco, served as the third Director of Formula Offshore. At least one Director was required to be domiciled in the Cayman Islands.

31. Citco, based in the Cayman Islands with offices in New York, was the Administrator for Formula Offshore Investment Fund. No one from Citco contacted either of us to ask why we had resigned. To my

knowledge, the two Director vacancies were never filled. Neither Bill nor Citco nor CFS ever disclosed to investors in Formula Offshore Investment Fund, existing or prospective, that neither Michael nor I were any longer on the Board.

32. On September 15, 1999, Bill informed me that he had accepted an offer from Howard P. Berkowitz (his former employer) for Formula Fund Management to manage money for HPB Associates. The agreement included salaries and, I think medical benefits for himself and for his fulltime equity analyst, Don and, he said, for me. Don accepted and remained employed with Formula Fund Management. I declined the offer.

33. Amercon has sustained operating losses — from its inception (January 1998) through today — totaling nearly $13 million. The company has struggled to maintain operations since inception. Amercon is still privately held with an ownership split of 53% by original venture capitalists — (11.4% by Formula Fund) and 47% by United Technologies. Amercon has sought new ownership to infuse working capital and help fund growth for the past three years without success. Amercon sees modest increases in volume but still substantially lower levels by 45% under 2001.

34. Sometime in 2002, Patrick Agemian of Citco phoned me to discuss Formula Offshore Investment Fund because of a lawsuit. I since have spoke a few times with Patrick. Citco (or its affiliate) has, until the voluntary liquidation, served as Fund Administrator of

Formula Offshore. In one of our conversations, Patrick told me that if Bill owned a personal stake in a private security that was also owned by the Fund, it was not only conflict of interest, but also a violation of Citco's written agreement with Bill.

35. As for Formula Offshore Investment Fund, in November 2002, Bill had phoned Michael Gaston in London to say that he wanted to come over to have some documents signed. Bill needed to transfer the 100 Management Shares (that were originally issued to Michael on August 6, 1997) to a third party of Bill's choosing, which would empower Bill in some way to overcome a dispute with Citco over the voluntary windup and liquidation of Formula Offshore. Michael was unaware that he had been assigned those shares. In January 2003, Michael told Bill that he was very unhappy to be caught in the middle of a dispute between Bill and Citco three years after he thought that any involvement that he had with Formula Offshore ended. Michael ultimately transferred those share to CFS Company, Ltd., an affiliate of Citco, on March 19, 2003, rather than to Bill's designee.

36. Effective April 23, 2003, Ernst & Young, Ltd, Cayman Islands, became the voluntary liquidator of Formula Offshore. The individuals serving as co-liquidators are Richard E.L. Fogerty and Jim Cleaver. They succeed CFS as Fund Administrator and Director. They can be reached by calling Mark McDonald in the Cayman Islands at 345-814-4004. They are currently searching for the stock certificates for Amercon and are

researching whether selling them is subject to preemptive restrictions such as Right of First Refusal by existing investors.

37. The years 1998 and 1999 were very turbulent years in the financial markets. Many hedge funds, using a variety of risk control techniques failed during that time. Given the market and sector volatility of those two years, I am not sure if Bill's so-called "portfolio allocation matrix diversification model" that he promised to the Mehrlich's would have been successful even if it could have been faithfully executed — which, of course — it never was. My primary gripe with Bill during 1999 was over the lack of transparency in the presentation of Amercon to Formula Fund investors, both in regard to Amercon's financial condition and its weight in both portfolios. I felt that, whatever Bill's justifications for Amercon's valuation were, the timing of the re-valuation could create the perception of a self serving choice, since it was so much in Bill's interest to reduce the size of his apparent losses during the hysteria that gripped the financial world in the Fall of 1998. Ultimately, as my concerns were not addressed, I concluded that I had no choice but to resign from my directorship of Formula Offshore and to sever my relationship with Bill.

s/ John Reeder
John Reeder

August 12, 2004